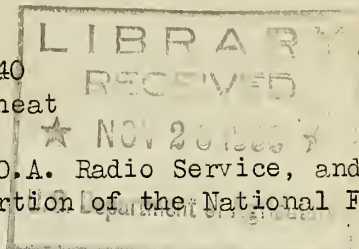


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THE AGRICULTURAL OUTLOOK FOR 1940
No. 2 - Credit, Production Costs, Wheat



Radio conversation between Wallace Kadderly, U.S.D.A. Radio Service, and E. J. Rowell, Agricultural Marketing Service, in the USDA's portion of the National Farm and Home Hour, November 7, 1939, over NBC Blue Network.

--ooOoo--

KADDERLY:

Today we present the second in a series of six agricultural outlook broadcasts which will come to you during the remainder of this week and the first part of next. We explained yesterday that economists of the Department of Agriculture for weeks have been getting together all possible information on prospects for things the farmer has to sell---and buy. From this information, farm outlook reports have been prepared -- covering 40 or 50 commodities -- prepared for one purpose alone--- to assist farmers and farm families to plan their production and marketing operations, and farm living for the coming year. More than 100 Federal and State agricultural extension economists assisted in the preparation of these reports.

E. J. "Mike" Rowell is giving us the highlights of the various outlook reports as they are released. Today he will cover, in a brief way first, the outlook for agricultural credit; second, farm labor, equipment and fertilizers; and third, highlights of the wheat outlook.

Now, Mike, if agreeable with you, we'll proceed in that order. First, farm Credit. Are farmers going to be able to borrow the money they need for their farm operations next year?

ROWELL:

Yes, Wallace, and that covers both the short-term credit and also the funds available for farm mortgages.

KADDERLY:

Then ample credit will be available to cover possibly larger loans by farmers of good credit rating.

ROWELL:

That's well stated, Wallace. And that just about covers it, because the commercial banks, production credit associations, and other agencies can easily expand their loans. However, the amount of money available for making rehabilitation and emergency loans is slightly smaller than it was last year. Also the applications for money for rural electrification are exceeding available funds, but funds for other cooperative purposes are apparently ample.

KADDERLY:

Are farmers going to borrow more money next year?

ROWELL:

Well, according to this Outlook statement, farmers will probably borrow 5 or 10 percent more money than they did this year for production and living costs, livestock and machinery, and farm improvements. The amount of money borrowed for new farm mortgages may be a little larger than this year---the volume of refinancing probably won't drop off very much next year.

(OVER)

KADDERLY:

Summing it up, it looks as though there were plenty of funds to meet the credit needs of most farmers. Now what about the outlook for such items as farm labor, equipment, and fertilizer?

ROWELL:

We can group those together and call it an outlook on production costs.

KADDERLY:

Well, can you pin it down so that you can say it's going to cost the farmer more -- or less -- to produce a dozen eggs, a bushel of apples, a bushel of corn, than it did a year ago?

ROWELL:

I think we can answer that question in a general way, Wallace, but not specifically for each State or county. For example, farmers will probably find that it will cost them a little more per unit to raise their farm products. In some areas farm wages will be higher and also, the prices of the things the farmers buy will probably average a little higher. But -- and this is important -- most increases in production costs are likely to be small.

KADDERLY:

Not forgetting, of course, that because of the European war farmers will have to pay sharply higher prices for a few commodities they need.

ROWELL:

That's right.

KADDERLY:

What else can you tell us about the outlook for those things which the farmer has to buy in order to raise his farm products?

ROWELL:

Here are a few highlights. Slightly higher prices for farm machinery, automobiles, and building materials are expected. Prices of most fertilizing materials will probably go up a little but no big increase is expected in the price of potash salts. Most of the important seeds will be higher priced. Prices for red clover seed may be a lot higher than they were a year earlier. Feed prices are now higher than at this time last year, but they won't change much during the coming months because supplies are ample.

KADDERLY:

Labor is an expensive item on many farms -- what is the outlook for farm labor -- from the farmer's point of view?

ROWELL:

Wages for farm labor will probably be higher in many parts of the country. But farmers are not expected to hire as much help -- for the country as a whole -- as they did this year. Production will be maintained through the use of more machinery.

KADDERLY:

That seems to cover the outlook for production costs. Now let's have the outlook on wheat. First, the acreage seeded for harvest in 1940.

ROWELL:

Well, Wallace, available information indicates that the acreage seeded to wheat for harvest next year will probably be about the same as seeded last year.

KADDERLY:

In other words, the higher prices following the declaration of war in Europe haven't made much difference in winter wheat seedings in this country.

ROWELL:

No, Wallace, they haven't. Unless growing conditions are unusually favorable the remainder of the season, yields per seeded acre of winter wheat will be below average. It's too early of course, to talk about the prospect for yields of the spring wheat crop that will be seeded a half year from now.

KADDERLY:

Nevertheless, when you take both winter and spring wheat into consideration, there does appear to be a real likelihood of below-average yields in 1940, doesn't there?

ROWELL:

Yes, there does.

KADDERLY:

But I understand that our carry-over stocks are relatively large so that a smaller crop than this year would not reduce supplies below our own needs.

ROWELL:

That's right Wallace. Our large carry-over would be reduced somewhat. But the outlook is for plenty of wheat for our own needs for the coming year. Prospects are that the world crop probably will take care of world consumption next year; therefore not much of a reduction in the large world carry-over of wheat is expected.

KADDERLY:

If world supplies of wheat stay large, what about wheat prices?

ROWELL:

Higher prices will have to come from a better demand or a rise in the world price level -- unless world acreage is reduced or yields per acre are small.

KADDERLY:

But wheat prices in the United States will probably stay above levels in other surplus producing countries, won't they?

ROWELL:

Yes, it is expected that our wheat prices will continue higher than the prices in other surplus producing countries, as the Government loan and export subsidy programs continue.

KADDERLY: Well, then to sum up the wheat outlook, I can say that seedings for harvest in 1940 may be about the same as for this year, yields per acre may be average or somewhat below, but that our total wheat supplies will be abundant for domestic needs. Also that wheat prices in this country are expected to average relatively high compared with prices in other surplus producing countries so long as the Government loan and export subsidy program continue.

1. The first part of the report is devoted to a general description of the project and its objectives.

2. The second part of the report describes the methodology used in the study.

3. The third part of the report presents the results of the study.

4. The fourth part of the report discusses the conclusions of the study.

5. The fifth part of the report contains the references.

6. The sixth part of the report contains the appendix.

7. The seventh part of the report contains the summary.

8. The eighth part of the report contains the conclusion.

9. The ninth part of the report contains the bibliography.